

City of Ypsilanti, Michigan Police and Fire Retirement System

For the Years
Ended June 30,
2017 and 2016

Financial
Statements

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements for the Years Ended June 30, 2017 and 2016	
Statements of Plan Net Position	3
Statements of Changes in Plan Net Position	4
Notes to Financial Statements	5
GASB Required Supplementary Information	
Schedule of Investment Returns	13
Schedule of Changes in the City's Net Pension Liability and Related Ratios	14
Schedule of City Contributions	15



800.968.0010 | yeoandyeo.com

Independent Auditors' Report

To the Retirement Board of the
City of Ypsilanti, Michigan
Police and Fire Retirement System
Ypsilanti, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Ypsilanti, Michigan, Police and Fire Retirement System (the System) as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Ypsilanti, Michigan, Police and Fire Retirement System as of June 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter – 2016 Financial Statements

The financial statements of the System as of and for the year ended June 30, 2016, were audited by other auditors who have ceased operations. Those auditors expressed an unmodified opinion on those financial statements in their report dated December 19, 2016.

Required Supplementary Information 2017

Accounting principles generally accepted in the United States of America require that the historical pension information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Yeo & Yeo, P.C.

Ann Arbor, MI
November 27, 2017

FINANCIAL STATEMENTS

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Statements of Plan Net Position

June 30, 2017 and 2016

	2017	2016
Assets		
Investments, at fair value:		
U.S. agencies	\$ 1,898,091	\$ 1,903,129
Corporate bonds	4,370,001	4,615,927
Domestic equities	14,455,556	13,633,393
International equities	828,992	946,226
Mutual funds	5,264,531	5,220,696
Domestic real estate investment trusts	383,153	438,728
Portfolio cash	247,551	715,794
Total investments	<u>27,447,875</u>	<u>27,473,893</u>
Cash and cash equivalents	<u>1,208,763</u>	<u>961,798</u>
Total assets	28,656,638	28,435,691
Liabilities		
Accounts payable	<u>1,997,392</u>	<u>1,302,351</u>
Net position restricted for pension benefits	<u><u>\$ 26,659,246</u></u>	<u><u>\$ 27,133,340</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Statements of Changes in Plan Net Position

For the Years Ended June 30, 2017 and 2016

	2017	2016
Additions		
Investment income:		
Net appreciation (depreciation) in fair value of investments	\$ 2,100,512	\$ (790,105)
Interest and dividends	621,429	643,274
	<hr/>	<hr/>
Total investment income (loss)	2,721,941	(146,831)
	<hr/>	<hr/>
Less investment management fees	(102,016)	(106,786)
	<hr/>	<hr/>
Total net investment income (loss)	2,619,925	(253,617)
	<hr/>	<hr/>
Contributions:		
Employer	1,355,989	1,240,657
Employees	208,502	234,471
	<hr/>	<hr/>
Total contributions	1,564,491	1,475,128
	<hr/>	<hr/>
Total additions	4,184,416	1,221,511
	<hr/>	<hr/>
Deductions		
Participant benefits	3,552,118	3,426,260
Participant refunds	1,033,846	998,797
Administrative expenses	72,546	67,345
	<hr/>	<hr/>
Total deductions	4,658,510	4,492,402
	<hr/>	<hr/>
Change in net position	(474,094)	(3,270,891)
	<hr/>	<hr/>
Net position, beginning of year	27,133,340	30,404,231
	<hr/>	<hr/>
Net position, end of year	<u>\$ 26,659,246</u>	<u>\$ 27,133,340</u>

The accompanying notes are an integral part of these financial statements.

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Notes to Financial Statements

1. PLAN DESCRIPTION

Plan administration. The City of Ypsilanti, Michigan Police and Fire Retirement System (the "System") is a single-employer defined benefit pension plan that provides retirement, disability and death benefits to all police and fire employees of the City and their beneficiaries. Plan benefit provisions were established and may be amended under the authority of City of Ypsilanti ordinances. Cost of living adjustments are provided to members and beneficiaries. Contribution requirements were established and may be amended subject to collective bargaining agreements and approval by the Retirement Board and City of Ypsilanti City Council. The financial statements of the System are included as a pension trust fund in the City's financial statements.

Management of the System is vested in the Retirement Board of the City of Ypsilanti, Michigan Police and Fire Retirement System, which consists of five members: two that are elected (one each representing fire and police employees), two that are appointed by the City Council of the City of Ypsilanti and one that is the Treasurer of the City of Ypsilanti.

Plan membership. At June 30, membership in the plan consisted of the following:

	2016	2015
Retirees and beneficiaries receiving benefits	121	119
Terminated employees entitled to but not yet receiving benefits	4	2
Active employees	35	41
Total	160	162

Benefits provided. The System provides retirement, disability, and death benefits. Generally, retirement benefits are calculated as a percent of the member's final average compensation (AFC) for a certain number of years times the member's years of service as summarized in the following table:

Eligibility	Amount of Benefit
20 or more years of service (25 years for Fire Chief) regardless of age or age 60 regardless of service.	Straight life pension equals 3.0% of three year AFC times years of service for police and 3.0% of AFC times first 25 years of service plus 1% of AFC times years of service in excess of 25 for fire. Additional benefit provisions apply to COAM members depending on hire dates.
25 or more years of service regardless of age for fire members hired after July 1, 2009.	Straight life pension equals 2.5% of three year AFC times years of service, with a 75% maximum.
25 or more years of service regardless of age for POAM/COAM members hired after July 1, 2009.	Straight life pension equals 2.0% of three year AFC times years of service.
Members hired after July 1, 2012.	Same as members hired after July 1, 2009, except there is no annuity withdrawal option.

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Notes to Financial Statements

Retirees who are receiving benefits below the estimated federal and state poverty levels have their benefits increased up to the poverty level.

Contributions. Plan members hired prior to July 1, 2009 are required to contribute 10% of their annual covered wages to the System for pension benefits. Plan members hired after July 1, 2009 are required to contribute 5% of their annual covered wages to the System for pension benefits. The City contributes such additional amounts as necessary, based on actuarial determinations, to provide assets sufficient to pay for member benefits. The City's pension contribution for the year ended June 30, 2017 represented 42.72% of the annual covered payroll. The City's pension contribution for the year ended June 30, 2016 represented 39.13% of the annual covered payroll.

Deferred Retirement Option Program (DROP). In lieu of retiring and receiving a monthly benefit, an eligible participant may elect to participate in the DROP by making an irrevocable election to terminate employment with the City and retire upon ceasing participation in the DROP. The DROP election must specify the future retirement date which must be within the maximum time period permitted (typically 3 to 5 years, based on bargaining unit and hire date). Upon entry in the DROP, the participant ceases to accrue years of service in the defined benefit pension plan. The participant remains an employee of the City for all other purposes, but the retirement benefit payment is calculated and payments commence into a separate, restricted account. These monthly payments, along with interest earnings thereon, are not distributed to the participant until employment has terminated. DROP activity for the year ended June 30, 2017 is as follows:

Beginning Balance	Credits	Interest	Distributions	Adjustments	Ending Balance
\$ 1,296,243	\$ 569,037	\$ 68,651	\$ (670,754)	\$ -	\$ 1,263,177

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. The System's financial statements are prepared on the accrual basis of accounting. Employee contributions are recognized in the period in which they are due. The City's contributions are recognized when due and the employer has made a formal commitment to provide them. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments and Income Recognition. The System's investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments, if any, is based on independent appraisals. Investments that do not have established market values are reported at estimated fair value as determined by the custodian under the direction of the Retirement Board with the assistance of a valuation service.

Administration. Administrative costs are financed through the System's earnings.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make significant estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Notes to Financial Statements

3. DEPOSITS AND INVESTMENTS

Deposits

The System's cash and cash equivalents consist of amounts deposited in the City's cash management pool of demand deposit accounts and certificates of deposit. As such, it is not practicable to present separate custodial risk disclosures for the System's portion of this pool; accordingly, please refer to the City of Ypsilanti's comprehensive annual financial report for custodial risk disclosures of deposits.

Investments

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the System to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The Retirement Board has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the System's assets. All investment decisions are subject to Michigan law and the investment policy established by the Retirement Board.

Investment allocation policy. The System's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board. The policy pursues an investment strategy that protects the financial health of the System and reduces risk through the prudent portfolio diversification. The adopted asset allocation policy as of June 30, 2017, is as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	50%	7.67%
Domestic fixed income	15%	4.80%
International equity	33%	7.20%
Cash	2%	2.30%
	100%	

Investment holdings. Following is a summary of the System's investments as of June 30:

	2017	2016
Investments at fair value, as determined by quoted market price:		
U.S. agencies	\$ 1,898,091	\$ 1,903,129
Corporate bonds	4,370,001	4,615,927
Domestic equities	14,455,556	13,633,393
International equities	828,992	946,226
Mutual funds	5,264,531	5,220,696
Domestic real estate investment trusts	383,153	438,728
Portfolio cash	247,551	715,794
	\$ 27,447,875	\$ 27,473,893
Total investments		

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Notes to Financial Statements

Credit Risk. The System's investment policy provides that its investments in fixed income securities be limited to those rated BBB or better by a nationally recognized statistical rating organization. The System's investments in U.S. agencies were rated Aaa by Moody's Investor Services at both June 30, 2017 and 2016. The System's investments in corporate securities were rated by Moody's Investor Services as follows at June 30:

Rating	2017	2016
A1	\$ 367,010	\$ 380,380
A2	717,110	969,580
A3	810,756	826,984
Aa1	217,600	-
Aa3	-	339,893
Baa1	1,040,590	596,608
Baa2	1,216,935	1,502,482
	<u>\$ 4,370,001</u>	<u>\$ 4,615,927</u>

The System's policy regarding credit risk provides that a minimum of 70% of fixed income investments must be in the top three major grades as determined by Moody's and the balance must be in the top four major grades.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy requires that investment securities be held in trust by a third-party institution in the System's name. As such, although uninsured and unregistered, the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the System's name. Short-term investments in money market funds are not subject to custodial credit risk.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's policy regarding concentration of credit risk does not specify limits regarding concentration of credit risk, although it provides guidelines regarding target maximums for investment types.

At June 30, 2017 and 2016, the investment portfolio did not have holdings in any one issue greater than 5% of the total investment portfolio.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's investment policy requires a maximum term to maturity of 30 years for any single fixed income security. The System's investment policy does not address weighted average portfolio maturities.

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Notes to Financial Statements

As of June 30, 2017, maturities of the System's debt securities were as follows:

	Investment Maturities (fair value by years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. agencies	\$ 1,898,091	\$ 459	\$ -	\$ 1,887	\$ 1,895,745
Corporate bonds	4,370,001	200,046	1,424,275	1,729,066	1,016,614
	<u>\$ 6,268,092</u>	<u>\$ 200,505</u>	<u>\$ 1,424,275</u>	<u>\$ 1,730,953</u>	<u>\$ 2,912,359</u>

As of June 30, 2016, maturities of the System's debt securities were as follows:

	Investment Maturities (fair value by years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. agencies	\$ 1,903,129	\$ -	\$ 3,639	\$ 2,035	\$ 1,897,455
Corporate bonds	4,615,927	408,776	885,918	2,708,731	612,502
	<u>\$ 6,519,056</u>	<u>\$ 408,776</u>	<u>\$ 889,557</u>	<u>\$ 2,710,766</u>	<u>\$ 2,509,957</u>

Of the above corporate bonds as of June 30, 2017, \$1,572,267 of the total is callable. The System's policy regarding interest rate risk provides that fixed income maturities may not exceed 30 years; the System's holdings comply with this requirement.

Foreign Currency Risk. Foreign currency risk is the risk that significant fluctuations in exchange rates may adversely affect the fair value of an investment. The System's exposure to foreign currency risk is limited to holdings of international equities of predominantly Canadian, European and Caribbean denominated companies.

In addition to the above, the System's holdings in mutual funds are primarily composed of underlying investments in international equities (approximately 67% of total mutual fund holdings of \$5,264,531), predominately in European, Japanese and other Asian companies. The residual mutual fund underlying investments are in cash and cash equivalents, domestic equities and alternatives.

The System restricts the amount of investment in foreign currency-denominated investments to 20% of total pension system investment.

Rate of return. For the years ended June 30, 2017 and 2016, the annual money-weighted rate of return on plan investments, net of investment expenses, was 10.34 and -0.27 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Notes to Financial Statements

Fair Value Measurements. The System categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the System's investment manager at the portfolio level based on a review of the investment class, structure and what kind of securities are held in funds. The investment manager will request the information from the portfolio manager, if necessary.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The System had the following recurring fair value measurements as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
U.S. agencies	\$ -	\$ 1,898,091	\$ -	\$ 1,898,091
Corporate bonds	-	4,370,001	-	4,370,001
Domestic equities	14,455,556	-	-	14,455,556
International equities	828,992	-	-	828,992
Mutual funds	5,264,531	-	-	5,264,531
Real estate investment trusts	-	383,153	-	383,153
Portfolio cash	247,551	-	-	247,551
Total investments	\$ 20,796,630	\$ 6,651,245	\$ -	\$ 27,447,875

The System had the following recurring fair value measurements as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
U.S. agencies	\$ -	\$ 1,903,129	\$ -	\$ 1,903,129
Corporate bonds	-	4,615,927	-	4,615,927
Domestic equities	13,633,393	-	-	13,633,393
International equities	946,226	-	-	946,226
Mutual funds	5,220,696	-	-	5,220,696
Real estate investment trusts	-	438,728	-	438,728
Portfolio cash	715,794	-	-	715,794
Total investments	\$ 20,516,109	\$ 6,957,784	\$ -	\$ 27,473,893

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Notes to Financial Statements

4. NET PENSION LIABILITY OF THE CITY

The components of the net pension liability of the City at June 30, 2017, are as follows:

Total pension liability	\$ 46,044,195
Plan fiduciary net position	<u>(26,659,246)</u>
City's net pension liability	<u>\$ 19,384,949</u>
Plan fiduciary net position as a percentage of the total pension liability	57.90%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2016 (and rolled forward to June 30, 2017), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	No explicit price inflation assumption used
Salary increases	4.0-9.0 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation
Mortality rates	RP-2014 Healthy Annuitant Mortality Table

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 (see the discussion of the System's investment allocation policy) are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	7.67%
Domestic fixed income	4.80%
International equity	7.20%
Cash	2.30%

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Notes to Financial Statements

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount (7.5%)	1% Increase (8.5%)
City's net pension liability	\$ 24,352,609	\$ 19,384,949	\$ 15,142,235



GASB REQUIRED SUPPLEMENTARY INFORMATION

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Required Supplementary Information

Schedule of Investment Returns

Last Five Fiscal Years (ultimately ten years will be displayed)

Fiscal Year Ended	Annual Money-Weighted Rate of Return, Net
6/30/2013	13.99%
6/30/2014	19.22%
6/30/2015	3.70%
6/30/2016	-0.27%
6/30/2017	10.34%

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last Four Fiscal Years (ultimately ten fiscal years will be displayed)

	2014	2015	2016	2017
Change in total pension liability				
Service cost	\$ 417,399	\$ 767,076	\$ 624,175	\$ 483,184
Interest	3,244,001	3,248,978	3,377,822	3,334,772
Changes of benefit terms	88,956	-	-	-
Differences between expected and actual experience	(212,827)	481,589	-	297,192
Changes of assumptions	(203,836)	1,407,285	-	-
Benefit payments, including refunds of member contributions	(3,078,288)	(3,806,050)	(4,425,057)	(4,585,964)
Net change in total pension liability	<u>255,405</u>	<u>2,098,878</u>	<u>(423,060)</u>	<u>(470,816)</u>
Total pension liability, beginning	<u>44,583,788</u>	<u>44,839,193</u>	<u>46,938,071</u>	<u>46,515,011</u>
Total pension liability, ending (a)	<u>44,839,193</u>	<u>46,938,071</u>	<u>46,515,011</u>	<u>46,044,195</u>
Change in plan fiduciary net position				
Contributions - employer	1,358,167	1,395,423	1,240,657	1,355,989
Contributions - member	275,422	274,671	234,471	208,502
Net investment income (loss)	4,982,234	1,002,019	(253,617)	2,619,925
Benefit payments, including refunds of member contributions	(3,078,288)	(3,806,050)	(4,425,057)	(4,585,964)
Administrative expense	(60,012)	(59,069)	(67,345)	(72,546)
Net change in plan fiduciary net position	<u>3,477,523</u>	<u>(1,193,006)</u>	<u>(3,270,891)</u>	<u>(474,094)</u>
Plan fiduciary net position, beginning	<u>28,119,714</u>	<u>31,597,237</u>	<u>30,404,231</u>	<u>27,133,340</u>
Plan fiduciary net position, ending (b)	<u>31,597,237</u>	<u>30,404,231</u>	<u>27,133,340</u>	<u>26,659,246</u>
City's net pension liability, ending (a)-(b)	<u><u>\$13,241,956</u></u>	<u><u>\$16,533,840</u></u>	<u><u>\$19,381,671</u></u>	<u><u>\$19,384,949</u></u>
Plan fiduciary net position as a percentage of the total pension liability	70.47%	64.78%	58.33%	57.90%
Covered-employee payroll	\$ 3,440,059	\$ 3,298,809	\$ 3,170,835	\$ 3,174,402
City's net pension liability as a percentage of covered payroll	384.93%	501.21%	611.25%	610.66%

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Required Supplementary Information

Schedule of City Contributions

Last Four Fiscal Years (ultimately ten years will be displayed)

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2014	\$ 1,347,529	\$ 1,358,167	\$ (10,638)	\$ 3,440,059	39.5%
6/30/2015	1,395,423	1,395,423	-	3,298,809	42.3%
6/30/2016	1,240,657	1,240,657	-	3,170,835	39.1%
6/30/2017	1,355,989	1,355,989	-	3,174,402	42.7%

Notes to Schedule of Contributions

Valuation date Actuarially determined contribution rates are calculated as of June 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.

Other information During the year ended June 30, 2015, the plan experienced a change in actuarial assumptions resulting in a \$1,407,285 increase in the TPL.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years for the 2016 valuation, 30 years prior to 6/30/15
Asset valuation method	5-year smoothed market
Inflation	No explicit price inflation assumption used
Salary increases	4.0-9.0 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation
Mortality rates	RP-2014 Healthy Annuitant Mortality Table